

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT-  
INTERNATIONAL MERCHANDISE RETURN SERVICE  
NON-PUBLISHED RATES

Docket No. MT2013-2

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF  
MARKET TEST OF EXPERIMENTAL PRODUCT-  
INTERNATIONAL MERCHANDISE RETURN SERVICE – NON-PUBLISHED RATES  
(IMRS – NPR) AND NOTICE OF FILING IMRS-NPR MODEL CONTRACT AND  
APPLICATION FOR NON-PUBLIC TREATMENT OF MATERIALS FILED UNDER  
SEAL  
(July 1, 2013)**

Pursuant to 39 U.S.C. 3641, the United States Postal Service hereby gives notice that it intends to conduct a test of an experimental competitive product, named International Merchandise Return Service (IMRS) Non-published Rates (NPR). In support of this Request and Notice, the Postal Service has included the following attachments with this filing:

- Attachment 1: Application for Non-Public Treatment of Materials Filed Under Seal;
- Attachment 2: Mail Classification Schedule Language for IMRS-NPR;
- Attachment 3: International Merchandise Return Service Management Analysis; and
- Attachment 4: International Merchandise Return Model Customized Global Mail Agreement.

Redacted versions of the supporting financial documents for the IMRS-NPR model contract are included with this filing in separate Excel files. Unredacted versions of a Management Analysis and the financial spreadsheets are being filed separately with the Commission under seal.

## **I. Introduction**

IMRS-NPR is comprised of Air Parcels or EMS packages returning to the United States that originate from a foreign territory served by another Postal Operator with which the Postal Service has made an arrangement for a return service. These items consist of returned merchandise that was purchased by consumers through online retailers in the United States. IMRS-NPR will provide the ability to create return labels and postage payment for foreign consumers to return products back to the United States. The consumer can create his or her own shipping label and send it to the merchant through the consumer's postal channel. Many shipping companies create methods to improve ease of use by creating labels for the merchants and either sending the labels by email to their customers or providing labels for use in the event of a return in the original shipment. This market test will encourage the growth of cross-border commerce through the postal channel. Returns are an inevitable part of international online commerce, and customers consider the use of returns as an important aspect of international shipping. Therefore, the IMRS-NPR market test will increase the overall value of the services that the Postal Service can offer to customers.

## **II. Consistency with Section 3641 Criteria**

Section 3641 provides the criteria that a market test must meet. As explained below, the Postal Service has determined that the IMRS-NPR market test would satisfy these requirements:

- The product is significantly different from all products offered by the Postal Service within the two-year period preceding the start of the test (Section 3641(b)(1)).
- The introduction or continued offering of the product will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer, particularly in regard to small business concerns (Section 3641(b)(2)).
- The Postal Service correctly identifies the product as competitive (Section 3641(b)(3)).
- The duration of the market test will not exceed 24 months, unless the Postal Service requests an extension from the Commission (Section 3641(d)(1)).

The annual revenues received by the Postal Service from this market test are not anticipated to exceed \$10,000,000 (as adjusted for inflation) in any fiscal year (Sections 3641(e), (g)).

### **A. Significantly Different Product**

The IMRS-NPR product will allow consumers abroad to return merchandise purchased online using specific return labels either provided by the vendor or printed

online. According to the IPC report on Cross-Border Ecommerce<sup>1</sup>, many e-retailers describe fulfilling orders to consumers outside of the U.S. as too complicated, citing returns as a major hurdle to enter the international commerce market. Merchants who perceive international returns as a major barrier to selling abroad will have improved opportunity for international growth through the introduction of the IMRS-NPR product. This need for an easy international return service for larger, heavier, or more valuable items was previously unmet through postal channels. There are only two existing international return solutions offered by Postal Service: the traditional Universal Postal Union International Business Reply Service product, and a bilateral version of that product with Canada. Neither service has the same scope as IMRS-NPR. The IBRS product is a prepaid international business reply service that is limited to cards and letters under 50 grams. Foreign postal operators are able to opt-in to enabling IBRS, limited to 2 kilograms, which USPS has only implemented with the Canada Post Corporation through a bilateral agreement.

By way of contrast, the IMRS-NPR product has a maximum weight of 30 kilograms, thereby allowing the service to be used for much larger parcels than the traditional IBRS product. Furthermore, neither of the existing IBRS programs offer basic package tracking as they are handled as ordinary letter post; by contrast, the IMRS-NPR service will offer the tracking services normally offered in connection with Air Parcels.

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<sup>1</sup> See *generally*, IPC Cross-Border E-Commerce Report, International Post Corporation (2010) (available at: [http://www.ipc.be/en/Intelligence/~/\\_media/Documents/PUBLIC/Markets/IPC%20Cross-Border%20E-Commerce%20Report.ashx](http://www.ipc.be/en/Intelligence/~/_media/Documents/PUBLIC/Markets/IPC%20Cross-Border%20E-Commerce%20Report.ashx))

## B. No Inappropriate Market Disruption

There is no reasonable expectation that the Postal Service's IMRS-NPR offering would create an "unfair or otherwise inappropriate" competitive advantage for the Postal Service or any mailer, with regard to any other party (including small businesses). The service offering is designed to improve the return experience for customers, and thereby generate more package deliveries that do not currently exist within the postal system. According to the IPC report on Cross-Border Ecommerce,<sup>2</sup> many e-retailers describe fulfilling orders to consumers outside of the U.S. as too complicated. They identify returns as a major hurdle to enter the international commerce market. The IMRS-NPR product will offer U.S. merchants an international merchandise returns solution through the postal network. Merchants who perceive international returns as a major barrier to selling abroad will have improved opportunity for international growth through the introduction of the IMRS-NPR product. The Postal Service is unaware of any small businesses that currently offer, or plan to offer, comparable services for these volumes. However, the Postal Service does anticipate that small businesses will choose to use the product once it is offered by the Postal Service and thereby benefit by expanding ease of use to customers. The IMRS-NPR product provides small businesses with an additional option for their international shipping needs.

## C. Correct Characterization as Competitive

The Postal Service considers this experimental product to be competitive, as it is designed for packages that do not fall under the Private Express Statutes (PES). The

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<sup>2</sup> See generally, IPC Cross-Border E-Commerce Report, International Post Corporation (2010) (available at: [http://www.ipc.be/en/Intelligence/~/\\_media/Documents/PUBLIC/Markets/IPC%20Cross-Border%20E-Commerce%20Report.ashx](http://www.ipc.be/en/Intelligence/~/_media/Documents/PUBLIC/Markets/IPC%20Cross-Border%20E-Commerce%20Report.ashx))

product was created to facilitate the shipping of merchandise in e-commerce, and thus the contents of IMRS-NPR are unlikely to contain any letters. Moreover, the minimum price of IMRS-NPR will exceed six times the First-Class Mail single-piece first ounce rate. The Postal Service submits that same-day delivery of packages is yet another component of the highly-competitive package services market. FedEx, UPS and DHL each have products for returns. FedEx and UPS currently offer return products in almost all of their respective service level offerings. It also typically charges an additional fee for printing and using a return label on top of the cost of postage. As such, significant competition can be found in the return shipping marketplace, and the market test should be properly categorized as competitive.

#### D. Duration of Market Test and Application under 3641(d)

The market test will begin on or shortly after August 15, 2013. The test will run for two calendar years. For this purpose, the Postal Service considers that it will offer negotiated service agreements to customers during the two year market test period. These contracts will have standard one year terms. To the extent negotiated service agreements executed in the latter half of the two year period have terms that extend beyond the two year period, the Postal Service respectfully requests that this notice serve as an application for an extension under 39 U.S.C. 3641(d). The Postal Service would be unable to gauge the desirability of the product if it were limited to contracts that must expire within the 2 year market test period. The extension would only be requested to satisfy existing contractual obligations; no new agreements would be

initiated with merchants after two years. Instead, if the market test is successful, the Postal Service would seek to reclassify IMRS-NPR as a permanent product.

#### E. Total Revenues from Market Test

Based on current projections in the accompanying financial models, the Postal Service is not seeking relief under 39 U.S.C. 3641(e) at this time. Should circumstances change, the Postal Service will undertake to seek further relief upon submission of an application.

#### F. Market Test Scope

At this time, the Postal Service intends to offer IMRS-NPR for returns originating in Australia and Canada pursuant to amendments to the bilateral agreements with the postal operators of these countries through the air parcel stream.<sup>3</sup> The Postal Service may negotiate additional bilateral agreements with other foreign postal operators to offer the same service for returns from other countries using either air parcels or EMS, thereby expanding the geographic scope of, and service options for, IMRS-NPR. Should the Postal Service execute such arrangements, it intends to furnish notice to the Commission and furnish updated model contract, prices, and supporting financial information in this docket.

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<sup>3</sup> See Letter from Anthony Alverno, Chief Counsel, U.S. Postal Service, to Shoshana Grove, Secretary, Postal Regulatory Commission (May 6, 2013); Letter from Anthony Alverno, Chief Counsel, U.S. Postal Service, to Shoshana Grove, Secretary, Postal Regulatory Commission (June 28, 2013).

#### G. Summary of Statutory Criteria

As discussed above, the IMRS-NPR market test is likely to benefit the public and meet an expected demand. Moreover, the product is likely to contribute to the financial stability of the Postal Service, by generating more package deliveries that do not currently move within the postal system. IMRS-NPR differs from other return services currently offered and would enhance the market and opportunities for small business.

### **III. Data Collection**

Data would be reported at quarterly intervals following the conclusion of the term of each agreement as Commission orders provide with other international customized agreement filings. Spreadsheets would include the costs, revenues, and volumes associated with each agreement.

### **IV. Application for Non-Public Treatment**

The Postal Service maintains that certain portions of the Management Analysis and the financial spreadsheets that include related financial information, including the rates for the product, should remain confidential. As Attachment 1 to this Request and Notice, the Postal Service files its application for non-public treatment of materials filed under seal. Consistent with the Commission's treatment of the GEPS-NPR products, the Postal Service anticipates providing to the Commission the customer agreements memorializing the sale of IMRS-NPR product as they are signed. A minimal amount of information in the IMRS-NPR customer agreement is considered to be confidential because of the commercially sensitive nature of the information and its identification of a



particular customer. The Postal Service is including with this filing as Attachment 3, the IMRS-NPR Model Contract, with certain information highlighted in yellow. The Postal Service anticipates that the information highlighted in yellow in the Model Contract represents the customer-specific information that the Postal Service will redact in subsequent filings of executed agreements. The application for non-public treatment attached to this notice addresses the redactions to those materials. When the Postal Service files actual customer agreements with the Commission in this docket, the Postal Service will rely on the application for non-public treatment included as Attachment 1 to this filing for protection of the information redacted from those materials. A full discussion of the requested elements of the application appears in Attachment 1.

## **V. Conclusion**

As discussed above and in the attachments, the Postal Service submits that the market test for IMRS-NPR complies with the applicable statutory criteria.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

Anthony F. Alverno  
Chief Counsel, Global Business &  
Service Development

Kyle Coppin

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1135  
(202) 268-2368; Fax -5402  
Kyle.R.Coppin@usps.gov  
July 1, 2013

**APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR  
NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to a request that International Merchandise Return Service – Non-Published Rates (IMRS-NPR) be added to the competitive product list within the Mail Classification Schedule (MCS), and a notice that the Postal Service has created an IMRS-NPR Model Contract. The Postal Service is filing separately under seal with the Commission unredacted versions of the related financial materials. The Postal Service has filed redacted versions of these materials with the Request and Notice.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(3) and (4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. §

504(g)(3)(A).<sup>1</sup> Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and e-mail address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

Third parties that may have a proprietary interest in the information in this filing include the designated operators or foreign posts with which the U.S. Postal Service settles accounts; namely, Canada Post Corporation and the Australian Postal Corporation.

Consistent with a contractual commitment to Canada Post Corporation (CPC), and in compliance with 39 C.F.R. § 3007.20(b), the Postal Service has already informed CPC of filings of this nature through terms in the bilateral agreement and CPC's ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Ewa Kowalski, Canada Post Corporation, as the appropriate contact on behalf of the CPC. Ms. Kowalski's telephone number is (613) 734-6201, and her email address is ewa.kowalski@canadapost.postescanada.ca. CPC has requested that any communications regarding confidential treatment of these data be sent with a courtesy copy to Dennis Jarvis, General Manager, International Product Management, Canada

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<sup>1</sup> The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

Post Corporation. Mr. Jarvis's telephone number is (613) 734-8149, and his email address is [dennis.jarvis@canadapost.ca](mailto:dennis.jarvis@canadapost.ca).<sup>2</sup>

Consistent with a contractual commitment to the Australian Postal Corporation (Australia Post), and in compliance with 39 C.F.R. § 3007.20(b), the Postal Service has already informed Australia Post of filings of this nature through terms in the bilateral agreement and Australia Post's ability to address its confidentiality concerns directly with the Commission. Due to the sensitive nature of the Postal Service's rate relationship with Australia Post, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices. The Postal Service identifies as an appropriate contact person Ms. Lea Emerson, Executive Director, International Postal Affairs. Ms. Emerson's phone number is (202) 268-2574, and her email address is [lea.emerson@usps.gov](mailto:lea.emerson@usps.gov).

The Postal Service also intends to file, in the future, the customer-specific IMRS-NPR agreements. When such agreements are filed, the customer with which the agreement is made would have a proprietary interest in the materials. Article 14 of the Model Contract provides each customer with notice of the Postal Service's intent to file the agreement with the Commission and its intent to seek non-public treatment of the information the Postal Service determines may be withheld from public disclosure. The notice gives the customer information about how to raise its confidentiality concerns

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<sup>2</sup> In the event of a request for early termination of non-public treatment under 39 C.F.R. § 3007.31, a preliminary determination of non-public status under 39 C.F.R. § 3007.32, or a request for access to nonpublic materials under 39 C.F.R. § 3007.40, the Postal Service notes, on CPC's behalf, that differences in the official observation of national holidays might adversely and unduly affect CPC's ability to avail itself of the times allowed for response under the Commission's rules. In such cases, CPC has requested that the Postal Service convey its preemptive request that the Commission account for such holidays when accepting submissions on matters that affect CPC's interests. A listing of Canada's official holidays can be found at <http://www.pch.gc.ca/pgm/ceem-cced/jfa-ha/index-eng.cfm>.

directly with the Commission. Each customer will identify a point of contact as shown in Article 25 of the Model Contract, which the Commission may use, should it determine that there is a need to provide notice of information requests or anticipated disclosures in the future.

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In connection with its Notice filed in this docket, the Postal Service included a financial model and Management Analysis that demonstrate how the Postal Service developed the rates. These materials were filed under seal, with redacted copies filed publicly. The Postal Service maintains that the redacted portions of these materials should remain confidential as sensitive business information. Additionally, the Model Contract includes highlighted sections that may contain information that will be redacted when the customer-specific agreements are filed in this docket in the future.

The redactions to the materials identified above protect sensitive commercial information concerning the applicable cost-coverage, and the non-published rates themselves.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

The redactions to the materials identified above include the Postal Service's specific non-published rate and cost information, the prices charged by foreign postal operators for the return pieces, and a detailed description of the methodology used to establish the rates, which are highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of knowing the range of prices that may be offered by the Postal Service to

its IMRS-NPR customers and the methodology used to establish the prices. Thus, competitors would be able to take advantage of the information to offer lower pricing to the IMRS-NPR customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the international merchandise returns service market.

Potential customers could also take advantage of the information in negotiating the specific rates to be applied to their circumstances. They could demand the absolute floor, when it would otherwise be possible in some cases for the Postal Service to offer a higher, but still competitive rate.

The redactions in the financial models include commercially sensitive business information from which the particular prices are generated, while maintaining statutory cost-coverage requirements. Public disclosure of this information would give competitors an exact model of Postal Service pricing that could be used to develop lower pricing to present to customers in an attempt to convert them from contracts with the Postal Service.

Additionally, the redactions in the financial models also protect sensitive, nonpublished price information regarding Canada Post and Australia Post. These redactions are explained in the applications for nonpublic treatment included with the amendments to the bilateral agreements with Canada Post and Australia Post, filed on May 6, 2013 and June 28, 2013. To the extent necessary, the Postal Service incorporates those applications by reference.

Further, the customer-identifying information redacted from the merchant agreements to be filed in the future could be used by competitors to target their marketing efforts on current USPS customers.

If the costing, rate, and customer-identifying information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Identified harm: Public disclosure of established rates and the financial model and methodology used to generate the rates would be used by competitors to the detriment of the Postal Service.

Hypothetical: A competitor offering a return service obtains a copy of the financial models from the Postal Regulatory Commission's website. The competing service reviews the rates and the model and then sets its own rates for products similar to what the Postal Service offers its IMRS-NPR customers under the Postal Service's rates. The competing service promotes its ability to beat the Postal Service on price for international merchandise returns services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the business-to-business and business-to-customer international merchandise return services market for which the IMRS-NPR product is designed.



Identified harm: Public disclosure of the rate information in the financial models would provide potential customers extraordinary negotiating power to extract lower rates.

Hypothetical: A customer with the rate information included in the financial model could, on a cell by cell basis, demand the lowest possible rate in every rate cell, knowing that the Postal Service's approved rates include those floor amounts. Armed with the rate information, a customer could threaten that it will not use the Postal Service for its international return service needs if it does not receive the lowest possible rates. This would severely threaten the Postal Service's ability to offer competitive but profitable rates to its customers within the minimum and maximum rates established by the Governors' for each rate cell.

Identified harm: Public disclosure of identifying information concerning a customer would give competitors a marketing advantage.

Hypothetical: A competitor is able to identify Postal Service customers being offered IMRS-NPR rates from information provided on the PRC's website. The competitor uses this information to contact the customer directly and attempt to undersell the Postal Service and obtain new business from the Postal Service's customer.

Identified harm: Public disclosure of rates paid by foreign postal operators to the USPS would give competitors and other foreign postal operators insight into the operating costs of the USPS and leverage in any bilateral negotiations.

Hypothetical: A foreign postal service is able to ascertain how much Canada Post and Australia Post pay the Postal Service for delivery of parcels entering the United States from Australia. The foreign postal operator uses this information in negotiations with the USPS. Knowing what the rate is for Australia Post allows them to demand at least that low, and possibly lower, rates.

Identified harm: Public disclosure of rates paid to foreign postal operators by the USPS would give competitors insight into the operating costs of the USPS.

Hypothetical: A competitor is able to ascertain how much the USPS pays to a foreign postal operator for delivery of return parcels. The competitor can use that information to undersell the USPS by devising lower cost solutions.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international merchandise return products (including both private sector integrators and foreign postal administrations), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products should not be provided access to the non-public materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof;**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

The Postal Service plans to file future customer agreements in this docket. The Postal Service considers this Application sufficient to fulfill its regulatory requirements for justifying its determinations that the information redacted from those materials should be treated as non-public.

***Conclusion***

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

**DRAFT MAIL CLASSIFICATION SCHEDULE (MCS)  
LANGUAGE**

**2000            COMPETITIVE PRODUCT LIST**

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**2001            COMPETITIVE PRODUCT DESCRIPTIONS**

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**2515            Inbound International;**

2515.1            Description

The Postal Service enters into contracts, on a mailer-specific basis, to provide inbound services and respective prices that are available only to mailers meeting defined eligibility requirements. Preparation requirements are specified by the originating country in which the items are mailed.

2515.2            Negotiated Service Agreement Groups

- International Business Reply Service (IBRS) Competitive Contracts (2515.3)
- Inbound Direct Entry Contracts with Customers (2515.4)
- Inbound Direct Entry Contracts with Foreign Postal Administrations (2515.5)
- Inbound EMS (2515.6)
- Inbound Air Parcel Post (at non-UPU rates) (2515.8)
- Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (2515.10)
- Market Test for International Merchandise Return Service (IMRS)—Non-Published Rates (2515.15)

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2515.15 Market Test for International Merchandise Return Service (IMRS)—Non-Published Rates

2515.15.1 Description

- a. International Merchandise Return Service (IMRS)—Non-Published Rates Contracts provide rates for Air Parcel or EMS items originating from a sender served by a foreign Postal Operator with which the Postal Service has made an arrangement for return of merchandise to a merchant in the United States.
- b. Preparation requirements are dependent on the originating country in which the items are mailed.
- c. Rates are dependent upon the originating country.
- d. Individual negotiated agreements must be on file with the Commission within 10 days of their effective dates.

2515.15.2 Size and Weight Limitation Requirements

Air Parcel

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>5.5 inches</u>	<u>none</u>	<u>3.5 inch</u>	<u>none</u>
<u>Maximum</u>	<u>42 inches</u>			<u>70 pounds</u>
	<u>79 inches in combined length and girth</u>			

EMS

	Length	Height	Thickness	Weight
Minimum	None	none	none	See Note 1
Maximum	36 inches			
	79 inches in combined length and girth			

**Notes**

1. Country-specific restrictions may apply as specified by the originating country.

2515.15.3 Minimum Volume or Revenue Requirements

- None

2515.15.4      Optional Features

- None

2515.15.5      Products Included in Group (Agreements)

**Management Analysis of the Prices and Methodology  
for Determining Prices for the  
International Merchandise Return Service – Non-Published Rates Product**

**Pricing Methodology:**

Management's pricing methodology begins with an evaluation of costs attributable to the International Merchandise Return Service (IMRS) product that will be incurred by the Postal Service for the duration of each contract. [REDACTED]

[REDACTED] The foreign postal operator then tenders the shipment and pays applicable inward land rates or EMS charges for delivery of the article to the Postal Service. The Postal Service is thus partially reimbursed for its delivery of the piece through its network, which is accounted for in the rate design.

[REDACTED]

[REDACTED]

[REDACTED]

**Maximum and Minimum Rates:**

[REDACTED]





**GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN  
THE UNITED STATES POSTAL SERVICE AND  
COMPANY NAME**

This Agreement ("Agreement") is between **Company Name** ("Mailer"), with offices at **Street, City St, ZIP+4**, and the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L'Enfant Plaza SW, Washington, DC 20260-9998. The Mailer and the USPS may be referred to individually as a "Party" and together as the "Parties."

**INTRODUCTION**

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Mailer pursuant to the terms and conditions contained herein;

WHEREAS, the Parties desire to be bound by the terms of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

**ARTICLE 1. PURPOSE OF THE AGREEMENT**

This Agreement shall govern the use the Mailer may make of customized mail service for International Merchandise Return from designated countries as specified in Annexes to this Agreement.

**ARTICLE 2. DEFINITIONS**

As used in this Agreement:

1. "IMM" means the *International Mail Manual* as found on the USPS website [pe.USPS.com](http://pe.USPS.com) on the date of mailing.
2. "DMM" means the *Domestic Mail Manual* as found on the USPS website [pe.USPS.com](http://pe.USPS.com) on the date of mailing.
3. "Qualifying Mail" means mail that meets the requirements set forth in Article 3 of this Agreement.
4. "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail.

**ARTICLE 3. QUALIFYING MAIL**

Qualifying Mail under this Agreement is International Merchandise Return Service (IMRS). IMRS is a non-published service offered by the USPS. IMRS allows for items tendered to Postal Operators in designated countries and which are intended for delivery to addressees in the United States without payment of postage in the designated country. The USPS collects postage and fees for these items from the

Mailer in the United States. Qualifying Mail must bear a special label provided by the Mailer.

#### **ARTICLE 4. SPECIFIC PREPARATION REQUIREMENTS**

All items mailed under this Agreement must conform to the preparation requirements as defined in separate Preparation Requirement documents specific for each designated country. The USPS shall provide the Mailer with such Preparation Requirement documents prior to the Effective Date of this Agreement.

#### **ARTICLE 5. OBLIGATIONS OF THE USPS**

The USPS hereby agrees:

1. Transportation. To coordinate with the appropriate postal authority for the country in which the International Merchandise Return items are tendered for delivery of those items in the United States.
2. Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements.

#### **ARTICLE 6. OBLIGATIONS OF MAILER**

The Mailer hereby agrees:

1. Qualified Business Reply Mail (QBRM) Program. To participate in either the Qualified Business Reply Mail (QBRM) Program by paying the prescribed accounting fee in accordance with IMM 382.3 and DMM 505.1 or the Merchandise Return Service (MRS) program (see DMM 505). It is not necessary for the Mailer to obtain a separate permit to have IMRS items processed through their advance deposit account.
2. Postage. To pay postage for Qualifying Mail according to the prices listed in the applicable Annex(es) to this Agreement.
3. Payment Method. To pay postage either directly to the USPS for all Qualifying Mail by use of an advance deposit account for Merchandise Return Mail. It is not necessary for the Mailer to obtain a separate permit to have IMRS items processed through their advance deposit account.
4. Confidentiality. To treat as confidential and not disclose to third parties, absent express written consent by the USPS, and information related to this Agreement that is treated as non-public by the Postal Regulatory Commission.
5. Origin and Destination Country Requirements. To comply with any requirements or orders of the Postal Operator of the country in which the IMRS shipment is tendered or any applicable laws of the country of origin, and to take steps to ensure that the contents of IMRS comply with the importation restrictions of the

United States as listed in the Universal Postal Union List of Prohibited Items found at:

<http://www.upu.int/en/activities/customs/list-of-prohibited-articles.html>

#### **ARTICLE 7. MODIFICATION OF PRICES**

1. In the event that the USPS incurs an increase in [REDACTED], the USPS shall notify the Mailer and modify the price established under this Agreement. The increase in price shall be the same as the increase in costs.
2. The USPS will give the Mailer thirty (30) days notice of any change to the price established under this Agreement.
3. Any revision to the price(s) established under this Agreement shall not be retroactive.

#### **ARTICLE 8. NO SERVICE GUARANTEE**

Nothing in this Agreement shall be construed as a representation or guarantee by the USPS that Qualifying Mail will be delivered to the appropriate addresses within any particular time.

#### **ARTICLE 9. CUSTOMS DUTIES AND TAXES**

The USPS shall not be liable for any Customs duties and/or taxes for items mailed under this Agreement.

#### **ARTICLE 10. TERM OF THE AGREEMENT**

The USPS will notify the Mailer of the Effective Date of the Agreement within thirty (30) days after the Agreement has been executed. The Agreement will remain in effect for one calendar year from the Effective Date, unless terminated sooner pursuant to Article 11 or Article 12.

#### **ARTICLE 11. TERMINATION OF THE AGREEMENT**

1. Either Party to this Agreement, in its sole discretion, may terminate the Agreement for any reason, without cost, fault, or penalty, regardless of whether either Party is in default, upon a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party.
2. Should the USPS publish prices for International Merchandise Return, this Agreement shall terminate at 11:59 p.m. on the date prior to the date such prices go into effect.

#### **ARTICLE 12. MODIFICATION OF THE AGREEMENT**

1. Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices

under the terms of Article 7, shall be binding only if placed in writing and signed by each Party.

2. Modifications may be contingent upon any and all necessary approvals by USPS management's executive committee, the Board of Governors of the USPS, the Governors of the USPS, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS.
3. If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained.
4. The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS.
5. The USPS shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process.

#### **ARTICLE 13. ENTIRE AGREEMENT AND SURVIVAL**

1. This Agreement, including all Annexes thereto, shall constitute the entire agreement between the Parties regarding International Merchandise Return and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement. The provisions of Article 5, Paragraph 2; Article 6, Paragraph 4; and Article 14 shall expire ten (10) years from the date of termination or expiration of this Agreement.
2. In the event that either the Mailer or the USPS terminates this Agreement under the terms of Article 11 or Article 12 before the normal expiration date, or in the event that the Mailer and the USPS do not enter into a customized agreement upon the expiration of this current Agreement, Article 24 shall survive termination or expiration of this Agreement. All other Articles of this Agreement shall survive termination or expiration of this Agreement to the sole extent that they bear on the Parties surviving obligations under Article 24.

#### **ARTICLE 14. CONFIDENTIALITY**

The Mailer acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding. The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding. The Mailer further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, [www.prc.gov](http://www.prc.gov). In addition, the USPS may be required to file information in connection with this instrument (including revenue, cost, or volume data) in other Commission dockets, including PRC Docket Numbers ACR2013, ACR2014, and/or ACR2015. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality

concerns directly with the Commission. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website: [www.prc.gov/Docs/63/63467/Order225.pdf](http://www.prc.gov/Docs/63/63467/Order225.pdf). At the request of the Mailer, the USPS will notify the Mailer of the docket number of the Commission proceeding to establish the prices in this instrument once assigned.

#### **ARTICLE 15. FORCE MAJEURE**

Neither Party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, fires, floods, wars, sabotage, accidents, labor disputes or shortages, governmental laws, ordinances, rules and regulations, whether valid or invalid, court orders whether valid or invalid, inability to obtain material, equipment or transportation, and any other similar or different contingency.

#### **ARTICLE 16. EFFECT OF PARTIAL INVALIDITY**

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect.

#### **ARTICLE 17. LIMITATION OF LIABILITY: INSURANCE**

The USPS shall not be liable for any loss of Qualifying Mail or damage to Qualifying Mail mailed under the terms of this Agreement.

#### **ARTICLE 18. INDEMNITY**

The Mailer shall indemnify and hold harmless the USPS and its officers, agents, and employees from any and all claims, losses, costs, damages, or expenses ("Claims") growing out of or connected in any other way with the discharge by the Mailer or its agent(s) of any undertaking contained in this Agreement, except for Claims arising out of the negligence or willful misconduct of the USPS or of its officers, agents, or employees. Notwithstanding its obligation to indemnify the USPS, the Mailer shall not be liable for any consequential damages suffered by the USPS.

#### **ARTICLE 19. GOVERNING LAW**

This Agreement shall be governed by, construed, and enforced in accordance with United States federal law.

#### **ARTICLE 20. ASSIGNMENT**

The rights of each Party under this Agreement are personal to that Party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other Party.

#### **ARTICLE 21. NO WAIVER**

The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

## **ARTICLE 22. PARAGRAPH HEADINGS AND REFERENCE CITATIONS**

The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM and IMM within this Agreement are intended to refer to the substantive information found within the cited section(s) at the time this Agreement is signed by the Parties. Subsequent changes to the citations or the relevant substantive information due to published revisions of the DMM or IMM shall be applicable to this Agreement upon the effective date of such revisions.

## **ARTICLE 23. MAILABILITY, CUSTOMS, AND IMPORTABILITY**

All items mailed under this Agreement must conform to the mailability requirements of the country in which the items are tendered, must conform to the customs requirements of the United States of America, and must conform to the importation and mailability restrictions of the United States of America available at:  
<http://www.upu.int/en/activities/customs/list-of-prohibited-articles.html>.

## **ARTICLE 24. CONTINGENCY PRICES**

In the event that either the Mailer or the USPS terminates this Agreement under the terms of Article 11 or Article 12 before the normal expiration date, or in the event that the Mailer and the USPS do not enter into a customized agreement upon the expiration of this current Agreement, the Mailer shall pay postage for any Qualifying Mail the USPS receives after the agreed upon termination date or expiration date, as appropriate, [REDACTED]

[REDACTED] (Contingency Prices). The Contingency Prices shall be valid for [REDACTED]  
[REDACTED]. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] of the termination of this current agreement.

## **ARTICLE 25. NOTICES**

All notices or demands required by this Agreement shall be sufficient if delivered personally or mailed, by Express Mail, to the following individuals:

### **To the USPS:**

Managing Director and Vice President, Global Business  
United States Postal Service  
475 L'Enfant Plaza SW Room 1P830  
Washington, DC 20260-0830

**To the Mailer:**

Name  
Title  
Company Name  
Address 1  
Address 2

or via e-mail:

**To the USPS** at: icmusps@usps.gov

**To the Mailer** at: e-mail address

**ARTICLE 26. COUNTERPARTS**

The Parties may execute this Agreement in one or more counterparts (including by facsimile or by electronic means such as .pdf format), not all Parties need be signatories to the same documents, and all counterpart-signed documents shall be deemed an original and one instrument.

**ARTICLE 27: INTELLECTUAL PROPERTY, CO-BRANDING AND LICENSING**

The Parties acknowledge that in the service of marketing the products under this Agreement that such product marketing may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property other than to refer to the trademark owner or the trademark owner's services until such time that a license for such use has been executed by the Parties and all laws and regulations required for such license's effectiveness have been perfected, which shall include but not be limited to any recordation requirements.

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In witness whereof, each Party to this Agreement has caused it to be executed as indicated below.

**ON BEHALF OF THE UNITED STATES POSTAL SERVICE:**

Signature: \_\_\_\_\_

Name: Frank A. Cebello

Title: Executive Director, Global Business Management

Date: \_\_\_\_\_

**ON BEHALF OF COMPANY NAME:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Annex 1 PRICES FOR INTERNATIONAL MERCHANDISE RETURN SERVICE  
ITEMS RECEIVED FROM CANADA

Annex 2 PRICES FOR INTERNATIONAL MERCHANDISE RETURN SERVICE  
ITEMS RECEIVED FROM AUSTRALIA

**ANNEX 1**

**PRICES FOR INTERNATIONAL MERCHANDISE REPLY SERVICE ITEMS  
RECEIVED FROM CANADA**

Weight In Pounds	Price		Weight In Pounds	Price	
0.5	\$	-	34	\$	-
1	\$	-	35	\$	-
2	\$	-	36	\$	-
3	\$	-	37	\$	-
4	\$	-	38	\$	-
5	\$	-	39	\$	-
6	\$	-	40	\$	-
7	\$	-	41	\$	-
8	\$	-	42	\$	-
9	\$	-	43	\$	-
10	\$	-	44	\$	-
11	\$	-	45	\$	-
12	\$	-	46	\$	-
13	\$	-	47	\$	-
14	\$	-	48	\$	-
15	\$	-	49	\$	-
16	\$	-	50	\$	-
17	\$	-	51	\$	-
18	\$	-	52	\$	-
19	\$	-	53	\$	-
20	\$	-	54	\$	-
21	\$	-	55	\$	-
22	\$	-	56	\$	-
23	\$	-	57	\$	-
24	\$	-	58	\$	-
25	\$	-	59	\$	-
26	\$	-	60	\$	-
27	\$	-	61	\$	-
28	\$	-	62	\$	-
29	\$	-	63	\$	-
30	\$	-	64	\$	-
31	\$	-	65	\$	-
32	\$	-	66	\$	-
33	\$	-			

**ANNEX 2**

**PRICES FOR INTERNATIONAL MERCHANDISE REPLY SERVICE ITEMS  
RECEIVED FROM AUSTRALIA**

Weight In Pounds	Price	Weight In Pounds	Price
0.5	\$ -	34	\$ -
1	\$ -	35	\$ -
2	\$ -	36	\$ -
3	\$ -	37	\$ -
4	\$ -	38	\$ -
5	\$ -	39	\$ -
6	\$ -	40	\$ -
7	\$ -	41	\$ -
8	\$ -	42	\$ -
9	\$ -	43	\$ -
10	\$ -	44	\$ -
11	\$ -	45	\$ -
12	\$ -	46	\$ -
13	\$ -	47	\$ -
14	\$ -	48	\$ -
15	\$ -	49	\$ -
16	\$ -	50	\$ -
17	\$ -	51	\$ -
18	\$ -	52	\$ -
19	\$ -	53	\$ -
20	\$ -	54	\$ -
21	\$ -	55	\$ -
22	\$ -	56	\$ -
23	\$ -	57	\$ -
24	\$ -	58	\$ -
25	\$ -	59	\$ -
26	\$ -	60	\$ -
27	\$ -	61	\$ -
28	\$ -	62	\$ -
29	\$ -	63	\$ -
30	\$ -	64	\$ -
31	\$ -	65	\$ -
32	\$ -	66	\$ -
33	\$ -		